



THE RESTAURANT REVITALIZATION TAX CREDIT ACT

The restaurant industry was uniquely devastated by the COVID-19 pandemic, at one point accounting for a quarter of all job losses. The pandemic cost restaurants and bars more than \$280 billion in sales and left devastating impacts on the entire food supply chain. 90,000 restaurants have permanently closed and hundreds of thousands more have significantly scaled down their operations.

THE RESTAURANT REVITALIZATION FUND

Created in the American Rescue Plan Act, the Restaurant Revitalization Fund provided \$28.6 billion for restaurants, bars, food trucks, caterers, tasting rooms, and taprooms to recover from the COVID-19 pandemic. The Fund was available to entities with twenty or fewer affiliated locations and award amounts were equal to the difference between 2019 and 2020 revenues, minus any PPP received.

Within days of opening the Fund, the Small Business Administration (SBA) received requests for more funding than was available. Just three weeks after opening, the SBA received more than 362,000 applications requesting more than \$75 billion in funding – nearly triple the available funding. Due to unprecedented need and a lack of funds the SBA closed the application portal on May 24, 2021, leaving 177,000 applicants without any aid.

THE SOLUTION—THE RESTAURANT REVITALIZATION TAX CREDIT ACT

The Restaurant Revitalization Tax Credit Act would create a tax credit to offset restaurants' payroll tax liabilities at up to \$25,000 per quarter in 2023. The credit is available to businesses that have applied for, but did not receive, Restaurant Revitalization Fund grants and were open before March 14, 2020. Businesses must have experienced a revenue loss of at least 50 percent in 2020 or 2021 as compared to 2019 or a loss of at least 30 percent in both 2020 and 2021 compared to 2019 to qualify for the credit. The credit would be made fully refundable for employers with 10 or fewer employees and partially refundable for employers with between 11 and 20 employees.

Despite months of steady job growth and families dining out again, restaurants and bars are still under a mountain of debt from years of anemic business in wave after wave of the pandemic. The Restaurant Revitalization Tax Credit Act will allow these businesses to stay afloat while fairly compensating their staff.

Endorsements: *Independent Restaurant Coalition, WineAmerica.*